

Commonwealth of Virginia

Ken Schrad
Director



(804) 371-9141
TDD/Voice (804) 371-9206
FAX: (804) 371-9211

Angela P. Bowser
Assistant Director

STATE CORPORATION COMMISSION
Division of Information Resources
P.O. Box 1197 Richmond, Virginia 23218

www.scc.virginia.gov

NEWS RELEASE

Contact: **Katha Treanor**
(804) 371-9141; katha.treanor@scc.virginia.gov

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SCC'S BUREAU OF INSURANCE REMINDS VIRGINIANS TO REVIEW THEIR INSURANCE COVERAGE BEFORE SEVERE WEATHER STRIKES

RICHMOND – Hurricane and wind deductibles are being applied to an increasing number of homeowners' insurance policies in Virginia. The amounts of these deductibles are on the rise, and may vary depending upon how close a property is to the coast.

With the start of the Atlantic hurricane season, the State Corporation Commission's (SCC) Bureau of Insurance encourages Virginians to check with their insurance company or agent to find out if their homeowners' insurance policy contains a special deductible for wind or hurricane losses. Some insurance companies automatically include a wind or hurricane deductible, while others make this deductible available at the option of the policyholder. The trigger for these deductibles - or the point at which they apply - varies by company.

Remember that the deductible is the amount that you are responsible for paying before the insurance company pays its portion of the claim. Wind and hurricane deductibles are applied separately from any other deductible on the homeowners policy. They usually require homeowners to pay a much bigger share of the costs to repair hurricane-related damage than they would pay to repair damage from other perils such as fires or theft.

Wind or hurricane deductibles may be written as a flat amount, such as \$1,000. Or, they may be applied to the loss as a percentage of the insurance coverage on the dwelling. In Virginia, these deductibles typically range from one to five percent of the policy limit on the dwelling, but higher percentage deductibles may also be available. For example: assume a hurricane causes damage amounting to \$3,000 and the dwelling is insured for \$100,000. If the policy has a two percent hurricane deductible, the policyholder would pay \$2,000 and the insurance company would pay \$1,000. Keep in mind that Virginia law requires insurance companies to notify policyholders who have coverage for owner-occupied dwellings of any changes in their deductibles at the time of policy renewal.

Many homeowners may not have the insurance coverage they need in the event of a hurricane or other windstorm. "Make sure you have adequate insurance coverage **before** the threat of

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severe weather,” said Virginia Insurance Commissioner Alfred W. Gross. “The Bureau of Insurance is your source for insurance information relating to hurricanes and other disasters.”

The Bureau of Insurance reminds Virginians that hurricane damage often comes from flooding, not high winds. Homeowners insurance policies issued in Virginia generally do not provide coverage for damage to your home and belongings due to floods, surface water or surges. However, flood insurance is available through the National Flood Insurance Program, so be sure to contact your insurance agent or company about purchasing this coverage. This federally backed program provides coverage for direct flood and flood-related damage to homeowners, renters, and business owners in communities that adopt and enforce floodplain management ordinances to reduce future flood losses. In most cases, there is a 30-day waiting period before a new flood insurance policy becomes effective.

In addition to homeowner’s coverage, the Bureau encourages consumers to find out if your automobiles and other vehicles are covered in the event of a hurricane or other windstorm. If your vehicles are covered by comprehensive insurance, they are protected against flood damage.

The key is to be prepared. Plan ahead and know what to do if a disaster strikes your home or business property. The Bureau offers free consumer guides for homes and businesses that answer many questions about settling disaster-related property insurance claims. These and many other consumer insurance guides are available on the Bureau’s website at www.scc.virginia.gov/division/boi.

The Bureau has specially trained staff that can assist consumers with their insurance-related questions and concerns. For more information, contact the Consumer Services Section of the Bureau’s Property and Casualty Division toll-free at 1-877-310-6560 or in Richmond at (804) 371-9185. Consumers who are hearing or speech impaired may call through the SCC’s Telecommunications Device for the Deaf and hard of hearing (TDD) at (804) 371-9206.

The Bureau also can assist homeowners in Virginia’s coastal areas who cannot find property insurance coverage. Through the SCC’s Coastal Hotline Program, residential beach property owners can call toll-free (in Virginia) at 1-800-552-7945 to obtain a list of insurance companies that may be willing to consider them for coverage.

The SCC is located in the Tyler Building at 1300 East Main Street in downtown Richmond. Correspondence may be mailed to the Bureau at P. O. Box 1157, Richmond, Virginia 23218.